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US government efforts to repair its image after the 2008 financial crisis

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Abstract

Globalization has intensified the interaction and interdependency among countries. The need to maintain good reputation and establish good relationships should dominate public diplomacy efforts (Hiebert, 2005). Using the US financial crisis 2008 as a case study, this study examines how the world's only superpower repaired its image when it was accused of triggering the financial meltdown that impacted the world economy. Few studies have examined repair strategies by nations. The need to undertake more empirical research to understand how the image-rebuilding rhetoric can aid diplomatic efforts remains relevant today.

Keywords

Public diplomacy, Image management, Image repair, Financial crisis, United States

1. Introduction

The mayhem of August 2011 of Wall Street triggering another global financial meltdown not seen since 2008 engendered a sense of déjà vu. Indeed, in 2008, the US' image as the world's superpower was brutally battered when it was accused of triggering the global financial crisis. Then, the accusations revolve around two themes:

- Poor management and regulation of the US economy. For instance, the German Prime Minister, Angela Merkel, blamed the US administration for its mishandling of Wall Street. This accusation was echoed in the UN, and by the France, Brazil, Argentina, and Colombia.

- Failure to reduce the impact of crisis worldwide. The US received much criticism from China and Russia for not reducing the global impact it had caused. In 2008, 78% of people surveyed viewed the US financial crisis as having negatively impacted on their respective economies (Global public opinion in the Bush years, 2008).

This paper aims to examine, with image repair theory as its theoretical lens, the strategies used by the US government to restore its image in the 2008 financial crisis, how effective the strategies were, and how these strategies complemented US' public diplomacy efforts.

2. Method

Rhetorical analysis of speeches and news reports, which has been the prevalent and primary method of analysis in image repair studies, was used. News releases from the White House as well as the US Treasury Department were accessed. Twelve were analyzed of which 3 were found to be relevant. Data from news reports such as the New York Times, USA Today and The Wall Street Journal, was also used. The period of analysis was from September 8, 2008, which marked the start of the US financial crisis, to November, 2009, which culminated in the releases of several large-scale surveys of the image of US. Poll results have been consistently used by image repair researchers to measure the effectiveness of strategies.

3. Findings and discussion

The first research question examined the image repair strategies used by the US government. This can be examined through three periods.

3.1. Period 1: US deals with the onslaught of criticisms (October–November 14, 2008)

The US government sought to restore its international standing and reduce global panic by using strategies of bolstering and transcendence coupled with corrective action. Other image repair strategies used included denial and good intentions. For example, President Bush reassured leaders at the UN meeting on September 23, 2008, that the US was taking bold steps to contain the crisis.

3.2. Period 2: US at the world leaders' summit at the G20 summit (November 15, 2008–January 19, 2009)

The US government again used transcendence together with corrective action, attack accuser, and differentiation strategies to deflect blame that the US was the sole cause of the global financial crisis. For example, in a bid to defend the decisions made by the US prior to the crisis, President Bush took the opportunity to attack the accusers to correct the misconception that his administration had overtly subverted the free market economy. He further used differentiation to argue that the US' free market system worked and asserted that some European countries that boasted of tighter regulations had worse problems than the US.

3.3. Period 3: signs of renewal of US image under the Obama administration (January 20, 2009–November 2010)

After President Barack Obama took office, the Obama government sought to restore global confidence through the use of corrective action and mortification, supported by bolstering and transcendence strategies. For example, during President Obama's inaugural address on January 2009, he assured US commitment to solve the global financial crisis by bolstering the resilient image of America and the commitment by his administration. In April 2009, President Obama further engaged in corrective action and transcendence in his address in G20 summit to galvanize countries to join hands to solve the financial crisis. He also engaged in mortification as he “projected contrition about America's role in starting the meltdown...” (Landler & Sanger, 2009, p. 2). These were well received by world leaders such as German Prime Minister, Angel Merkel. In the G20 summit in November 2010, President Obama further bolstered the US commitment in working towards the global economic recovery by reassuring world leaders that he was focused “every single day on how we can grow our economy...” (Jackson, 2010, p. 1).

The second research question examined how effective were the strategies used. The strategies used did restore its image as a world leader over time. Even though the G7 countries appeared to have no choice but to support the US because they were faced with the same predicament, the support was significant in that it acknowledged US’ leadership to lift all out of the quagmire. The renewed confidence in the new US leadership after President Obama took office was also another factor, described as “transformational” for the US image. The Pew Global Attitudes Project, conducted in July 2009, found an improved worldwide perception of the US compared to 2008 (Confidence in Obama lifts US image around the world, 2009). It reported a significant jump in favorable ratings from the European nations, namely Germany (from 31% in 2008 to 64% in 2009) and France (from 42% in 2008 to 75% in 2009). In Latin America, US approval ratings grew from 47% in 2008 to 61% in 2009 for Brazil and from 22% to 38% for Argentina. The US Global Leadership Project, released in February 2009, showed the “median of 51% of the world in 2009 approves the job performance of the current leadership of the US, up from a median of 34% in 2008” (Global perceptions of U.S. leadership improve, 2010, p. 1). The BBC World Service Poll 2010 also found US influence as more positive than negative, the first time it garnered such positive reviews since the BBC started tracking world views of the US from 2005 (Global view of United States improves while other countries decline, 2010). Similar results were also seen in the Pew Global 2010 survey which showed that the US image abroad was generally positive. However, some argued that the above positive poll results could be attributed to “Obama effect”. This warrants further study.

The third research question examined how these strategies helped restore US government's image and how did they help US’ public diplomacy efforts. The US’ rhetorical strategies through the communication of key messages by tapping on both traditional and online media platforms had helped to repair its image over time. Additionally, the access of speeches of the US presidents through direct governmental outlets like the White House was an effective way of discussing issues without interruption from commentator and the media (Hiebert, 1981). Building on that, President Obama further adopted symbolic missions with the aim of rebuilding the US’ image abroad through visits to China in February 2009 and Indonesia in 2010.

4. Conclusion

Improving one's image requires one to move beyond rhetoric to diplomacy. This study once again demonstrated that public diplomacy efforts must be preceded or accompanied by public relations tools. Hiebert (2005) argued that success in diplomacy occurs when communication is “credible” and when “words match action” (p. 320). Practitioners could consider using rhetorical strategies as part of diplomatic efforts. This means tailoring one's message to global instead of local audience; complementary use of mainstream media (international and local) with new media as strategic platforms to provide clarity, dialogue and ease tensions during diplomatic rows; maintaining consistency in rhetoric and action to build credibility; and adopting other diplomacy efforts to complement rhetoric (e.g., using symbolic actions to promote goodwill).

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